

Guaranteed by the State of Mississippi

MPACT



Mississippi Prepaid Affordable College Tuition Newsletter

December 1997

MPACT to Pay \$57 Million in Tuition to Mississippi's Universities and Colleges

Armed with balloons, banners and the best of causes, the Mississippi Prepaid Affordable College Tuition Program (MPACT) was officially launched in February, 1997. Through MPACT, Mississippi parents and grandparents may now pay in advance some of the costs associated with higher education, such as tuition and mandatory fees. When we consider the mission of the initial offering campaign, to educate and inform Mississippians about this new college savings program, the 1997 enrollment period was enormously successful.

To date, over 8300 student beneficiaries have applied for enrollment in the MPACT Program. More than \$24 million has already been paid into the MPACT Fund, representing more than \$57 million in eventual payments over the coming years as students begin to enter college. More than 36% of the contracts came from the Metro Jackson area, followed by 10% from the Gulf Coast and 6% from the

Hattiesburg area.

12 % of the MPACT contracts are from grandparents, and 79% are from parents. Nearly 30% of those enrolled came from households with \$50-79,000 in annual income.

Created by the Mississippi Legislature in 1996, MPACT is administered by the State Treasury Department under the direction of a nine-member Board of Directors. Backed with the full guarantee of the State of Mississippi, the Program is valid at all public and private college or universities whether in-state or out-of-state.

The Jackson office of Deloitte & Touche, LLP, was selected as auditors of the program. An actuarial evaluation of the MPACT Program was performed by the national accounting firm Coopers & Lybrand, LLP. Copies of their evaluation of the MPACT Trust Fund are available to the public upon request.

The next MPACT enrollment period is scheduled for the fall of 1998.

State Treasurer to Chair Nat'l Association



Mississippi is considered front runner when it comes to prepaid college tuition programs.

All 50 states either

have a plan in place, they are introducing legislation for a plan or studying the feasibility of one. And, Mississippi leads the way.

This leadership was recognized at a recent College Savings Plan Network (CSPN) meeting when Mississippi's Treasurer Marshall Bennett was elected chairman of the group for 1998. This chairmanship will be held during an important year, as the majority of states will be either creating a savings program or beginning their first year of implementation. We congratulate Treasurer Bennett for his appointment to the helm of this national organization.

MONEY Magazine recognizes MPACT

But, there's more. The March, 1997 issue of *MONEY* magazine said, "Mississippi (has) such a reasonable refund policy..." that it is one of the most flexible programs in the nation. MPACT allows for easy transfer of a contract within friendly cancellation guidelines.

Mississippi's Banks Saluted for MPACT Support

Sixty-nine Mississippi banks serve as convenient avenues for receiving information and details about MPACT. These banks serve over 800 locations in more than 350 towns and cities across our state. "Working with Mississippi's home town banks is a pleasure," commented Marshall

Bennett. "MPACT and our banks working together provide an invaluable service to the people of Mississippi," Bennett added. The MPACT Board and staff would like to applaud the banks of Mississippi for their continued support and interest.

TAXES... the Outlook Continues to Improve

Treasurer Marshall Bennett and the MPACT staff spent this past summer working closely with the Mississippi Congressional Delegation and other state prepaid programs urging more favorable tax treatment of prepaid tuition contracts. This has led to broader and more simplified tax benefits to accompany the many benefits already present:

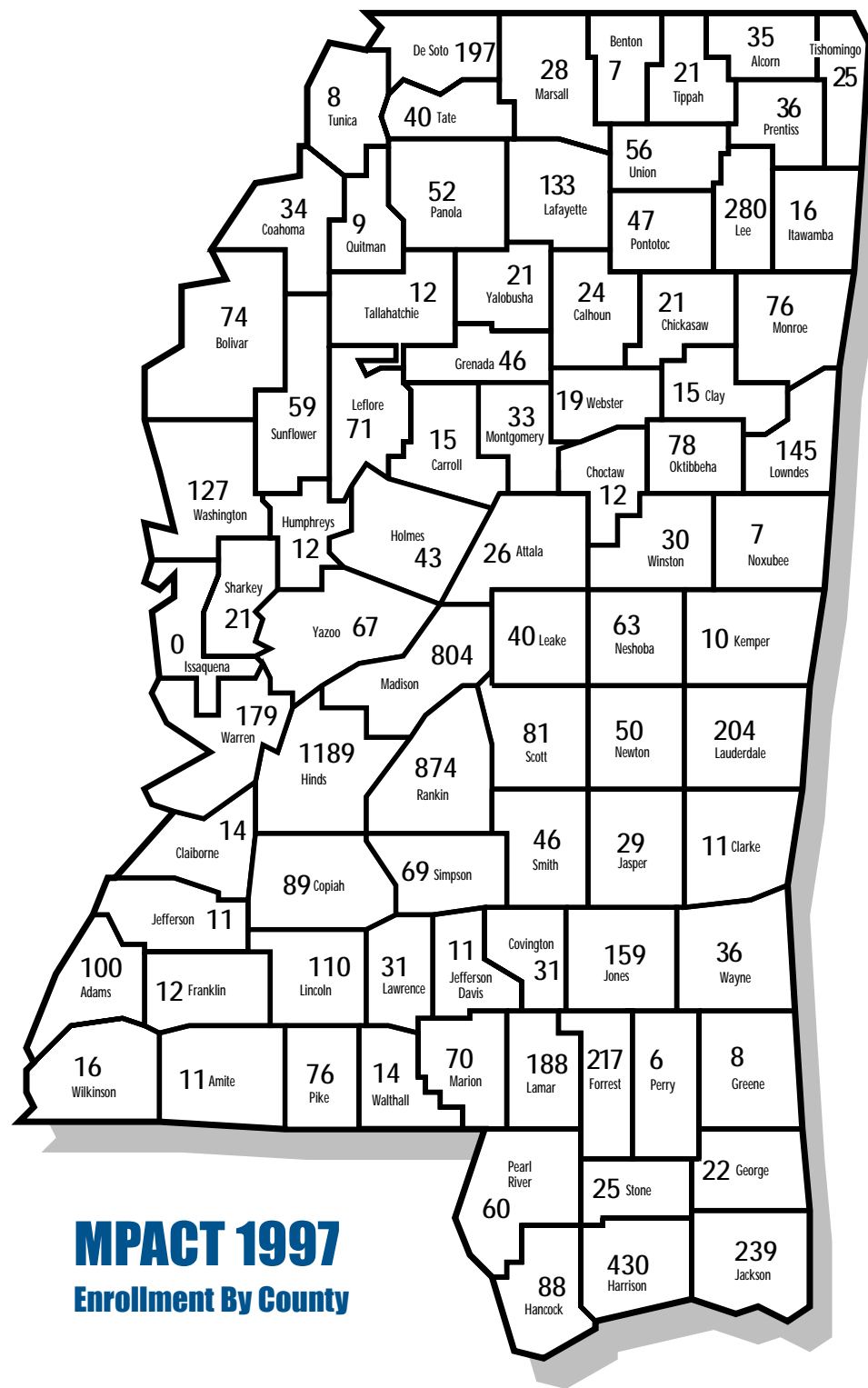
Federal - Payments of benefits by MPACT to the college or university attended by the student will qualify for the new HOPE education tax credit of \$1,500 per child for the first two years and \$1,000 in subsequent years.

Federal - Earnings on the value of MPACT contracts will be tax-deferred until the student attends college.

Federal - Gift and estate tax treatment of MPACT makes a contract a completed gift to the beneficiary and eligible for the annual gift tax exclusion limit which is currently \$10,000 per individual or \$20,000 per married couple.

Mississippi - Payments to an MPACT contract are tax deductible.

Mississippi - Interest earnings from a contract are tax exempt.



MPACT 1997

Enrollment By County

Need information, have questions, looking for a program at your club? Contact us at:

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